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**SODTOWN TELEPHONE COMPANY**  
A Cooperative Corporation

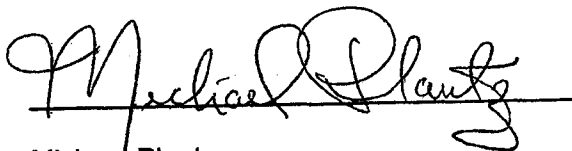
Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Administrator  
Universal Service Administrative Company  
2000 L Street, N.W., Suite 200  
Washington, DC 20036

RE: WC Docket No. 10-90 – Section 54.313(f)(2) for Sodtown Telephone Company  
( SAC 371590)

I certify that Sodtown Telephone Company is not audited in the ordinary course of business. I also certify that the reported data included in the attached financials that have been reviewed by Erickson & Brooks, Certified Public Accountants, is accurate.

Certification Signature:



Name:

Michael Plautz

Title:

Secretary

Date:

9/23/2013

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SODTOWN TELEPHONE COMPANY

RAVENNA, NEBRASKA

DECEMBER 31, 2012 AND 2011

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*Erickson & Brooks*

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN E. PRIBNOW  
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FREMONT, NEBRASKA 68026-1270

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Sodtoun Telephone Company  
Ravenna, Nebraska

We have reviewed the accompanying balance sheets of Sodtoun Telephone (a corporation) as of December 31, 2012 and 2011, and the related statements of income, changes in members' equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

ERICKSON & BROOKS

*Erickson & Brooks*

Fremont, Nebraska  
September 13, 2013

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SODTOWN TELEPHONE COMPANY  
RAVENNA, NEBRASKA  
BALANCE SHEETS  
DECEMBER 31, 2012 AND 2011

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## ASSETS

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ [REDACTED]	\$ [REDACTED]
Temporary cash investments	[REDACTED]	[REDACTED]
Telecommunications accounts receivable	[REDACTED]	[REDACTED]
Material and supplies (at cost)	[REDACTED]	[REDACTED]
Prepaid income taxes	[REDACTED]	[REDACTED]
Prepaid expenses	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]
Property, plant and equipment:		
Telecommunication plant in service	[REDACTED]	[REDACTED]
Less accumulated provision for depreciation	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]

## LIABILITIES AND EQUITIES

Current liabilities:		
Accounts payable	\$ [REDACTED]	\$ [REDACTED]
Customer deposits	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]
Equity:		
Memberships	[REDACTED]	[REDACTED]
Patrons' capital credits assigned	[REDACTED]	[REDACTED]
Patrons' capital credits assignable	[REDACTED]	[REDACTED]
Retained earnings	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]

See accompanying notes and independent accountants' review report.

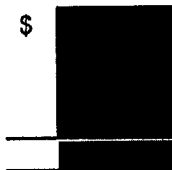









# REDACTED - FOR PUBLIC INSPECTION

SODTOWN TELEPHONE COMPANY  
RAVENNA, NEBRASKA  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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	<u>2012</u>	<u>2011</u>
Operating revenues:		
Basic local network services	\$ 	\$ 
Network access services		
Billing and collection		
Miscellaneous		
Operating expenses:		
Plant specific operations		
Plant nonspecific operations		
Depreciation		
Customer operations		
Corporate operations		
Property taxes		
Operating income		
Other income (expense):		
Interest income		
Miscellaneous		
Special charges		
Income tax effects of above - current		
Net income	\$ 	\$ 

See accompanying notes and independent accountants' review report.

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SODTOWN TELEPHONE COMPANY

RAVENNA, NEBRASKA

STATEMENTS OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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	<u>Membership Certificates</u>	<u>Patrons' Capital Credits Assigned</u>	<u>Patrons' Capital Credits Assignable</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - December 31, 2010	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Change in memberships	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assignment of 2010 patrons' capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Distributions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Balance - December 31, 2011	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in memberships	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assignment of 2011 patrons' capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Distributions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Balance - December 31, 2012	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

See accompanying notes and independent accountants' review report.

# REDACTED - FOR PUBLIC INSPECTION

SODTOWN TELEPHONE COMPANY

RAVENNA, NEBRASKA

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from consumers	\$ [REDACTED]	\$ [REDACTED]
Cash paid to suppliers and employees		
Income tax refund received		
Interest and dividends received		
Net cash provided by operating activities	[REDACTED]	[REDACTED]
Cash flows from financing activities:		
Capital credits paid		
Memberships returned		
Decrease in:		
Customer deposits and advanced payments	[REDACTED]	[REDACTED]
Net cash used by financing activities	[REDACTED]	[REDACTED]
Net decrease in cash	[REDACTED]	[REDACTED]
Cash - beginning of year	[REDACTED]	[REDACTED]
Cash - end of year	\$ [REDACTED]	\$ [REDACTED]
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		
Reinvested interest income		
(Increase) decrease in:		
Accounts receivable		
Prepaid income taxes		
Prepayments		
Increase (decrease) in:		
Accounts payable	[REDACTED]	[REDACTED]
Net cash provided by operating activities	\$ [REDACTED]	\$ [REDACTED]

See accompanying notes and independent accountants' review report.

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SODTOWN TELEPHONE COMPANY  
RAVENNA, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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## Note 1 - Summary of Significant Accounting Policies

### Nature of Operations

Sodtown Telephone Company provides communication services to customers located in rural Ravenna, Nebraska. The Company grants credit to customers, substantially all of whom are residents of the areas served.

### System of Accounts

The accounting policies of the company conform to generally accepted accounting principles and reflect practices appropriate to the telephone industry. The accounting records of the company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Utilities as prescribed by the Federal Communications Commission (FCC) and the Nebraska Public Service Commission.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Property and Equipment

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes and employee benefits.

Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation, together with removal costs less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Substantial early retirements of assets are charged to deferred charges and amortized in accordance with the rules of the Nebraska Public Service Commission. Repairs and renewals of minor items of property are included in plant specific operations expense.

### Depreciation

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property, as approved by the Nebraska Public Service Commission.

### Cash and Temporary Cash Investments

Cash consists primarily of checking and savings accounts, which may be liquidated in a period of less than 90 days. Certificates of deposit and other securities with original maturities of one year or less are classified as short-term cash investments. Cash and short-term cash investments are stated at cost, which approximates market value.

### Telecommunications Accounts Receivable

The Company carries its accounts receivable at cost. Management evaluates its accounts receivable on a periodic basis. Doubtful accounts are written off as deemed necessary. It is management's opinion that all accounts represented on the balance sheet are collectible.



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SODTOWN TELEPHONE COMPANY  
RAVENNA, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
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## Materials and Supplies

Inventories are stated at the lower of cost or market. Cost is determined principally by the average cost method. Inventories consist of finished goods such as cable and pedestals.

## Patronage Capital

The Company is a Cooperative of which most subscribers are members. A membership certificate is issued to each subscriber who becomes a member, which will allow the subscriber to vote at the annual meeting. Each subscriber is allocated a portion of margins from member income based on usage.

## Revenue Recognition

Toll, access, local service and miscellaneous revenues are recognized when earned regardless of the period in which they are billed.

Network access revenue related to interlata and intralata toll service is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Company, charge the long distance carrier for access and interconnection to local facilities. The Company follows an access tariff filed with the Nebraska Public Service Commission for intrastate charges and the Federal Communications Commission for interstate charges.

When network access service revenues have been received pursuant to the settlement and access agreements above, they are divided into traffic sensitive, nontraffic sensitive and billing and collecting portions. The revenues are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Company. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investment maintained. The Company participates in a pooling arrangement with the National Exchange Carrier Association.

Interstate settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months after the close of the related calendar year, are recorded in the year in which such adjustments become determinable.

In addition to recoveries from NECA, the Company also receives revenue from the Universal Service High Cost Loop Fund administered by the Universal Service Administrative Company (USAC). The amount of support received from USAC is based on the number of customers served and the cost of providing services in that area being in excess of the national average, as determined by the FCC. The Company received \$[REDACTED] and \$[REDACTED], respectively, for the years ended December 31, 2012 and 2011.

The ability of NECA and USAC to provide these revenues to organizations similar to the Company is contingent upon regulatory and legislative rules which provide for the continuance of rate of return regulation and universal service support as currently enacted. Any regulatory or legislative changes that reduce the rate of return or universal support mechanism and the amount of revenues may have a material impact on the Company.

## Income Taxes

The Company reports taxable income under Section 501(c)12 of the Internal Revenue Code as a nonexempt cooperative, permitting the cooperative to exclude from taxable income, margins generated from providing communication services to patrons. When income from nonmember sources exceeds a set percentage of total income established by the Internal Revenue Service, the non-patron source income becomes subject to taxation. Income taxes herein are provided for the tax effects of nonmember transactions reported in the financial statements and consist of taxes currently due plus deferred taxes.

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RAVENNA, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
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In accordance with the Financial Accounting Standards Board's Accounting Standard's Codification No. 740, the Company is required to inventory, evaluate, and measure all uncertain tax positions taken or to be taken on tax returns, and to record liabilities for the amount of such positions that may not be sustained, or may only partially be sustained, upon examination by relevant taxing authorities. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2009-2012. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

## Sales Tax

The Company excludes from its sales all sales taxes assessed to its customers. Sales taxes assessed are recorded as accrued liabilities on the balance sheet until remitted to the state agencies.

## Note 2 - Investment in Property, Plant and Equipment

Telephone plant in service and under construction is stated at cost. Listed below are the major classes of telephone plant in service and the composite depreciation rates as of December 31, 2012 and 2011.

	<u>Rates</u>	<u>2012</u>	<u>2011</u>
Other work equipment	██████	\$ ██████	\$ ██████
Buildings	██████	██████	██████
Furniture and office equipment	██████	██████	██████
Central office equipment	██████	██████	██████
Buried plant	██████	██████	██████
Less: Accumulated depreciation		██████	██████
Net property, plant and equipment		\$ ██████	\$ ██████

The Company provides for depreciation on a straight-line basis at annual rates which will amortize the depreciable property over its estimated useful life.

## Note 3 - Concentration of Credit Risk

The Company maintains its cash balances with one financial institution located in Cairo, Nebraska. At times, these balances may exceed the limits insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2012, combined uninsured amounts held at this financial institution totaled \$██████.

## Note 4 - Subsequent Events

The Company has evaluated all subsequent events through September 13, 2013, the date the financial statements were available to be issued. There were no events that required disclosure.